



Policy: **Rent Policy**

Approved by: Group Board

Date Approved: March 2023

Frequency of review: Every 3 years – due in 2024-25 in line with expected new rent settlement

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POLICY STATEMENT:

- This policy aims to provide guidance to Broadland Housing Association regarding the setting of rents and annual rent reviews.
- The Policy is designed to ensure that our homes remain affordable to customers whilst meeting business plan assumptions for financial sustainability.

SCOPE:

- To ensure that Broadland complies with legislation requirements, the Regulator's rent standard and any Government Policy.
- That rents remain affordable to tenants.
- That annual rent reviews remain in line with business plan assumptions.
- Any service charges applied should recover the Association's costs and represent value for money. BHA will have an overview of affordability for customers, however, will consider this alongside other factors such as welfare benefit and wage levels.
- This policy does not include setting or monitoring of commercial rents.

Rent Policy
Latest Revision: 07.03.2023

Revised by: Stephani Davis
Verified by: Leadership Group

KEY STAFF RESPONSIBILITIES:

- **The Board**

The Board has ownership of this policy and is responsible for setting the Policy and deciding the annual rent review.

- **Leadership and Senior Managers**

Senior staff are responsible for recommending annual rent review amounts to the board and setting rents in line with this policy and the Regulatory Standard.

- **Staff**

Staff will be asked to implement this policy through rent setting and gathering relevant information to help decide on the annual rent review. They are responsible for responding in a timely way to any queries from tenants and raising any concerns about policy implementation with their manager.

DEFINITIONS:

The Policy will apply to all residential tenancies issued by the Association.

RELEVANT KEY LEGISLATION AND RELATED DOCUMENTS: *(not limited to)*

Legislation	Documents
RSH's Rent Standard and Policy Statement	Corporate Strategy Risk Map Income Collection Policy
Welfare Reform and Work Act 2016	Tenancy Agreement Pitch Agreement
Mobile Homes Act, 2013	Complaints Policy Local Housing Allowance data ONS data Development Agreements

EIA – EQUALITY IMPACT ASSESSMENT:

An Equality Impact Assessment has been carried out and found no adverse equality implications for this policy.

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IMPORTANT PRINCIPLES:

1. Initial rent setting

The initial rent will be set for newly built homes in line with the RSH rent Standard. The development agreement may include a clause about capping the rent at Local Housing Allowance (LHA), this is subject to RAP approval. Where this is in place, it will apply to annual reviews and when re-letting homes.

1.1 Social Rents

Rent is set initially using 'formula rent' as set out in the Rent Standard and Government Policy Statement. Broadland may make use of the rent flexibility allowing 5% above the rent calculation (general needs) and 10% for supported housing. However, any decision to do so will require a clear rationale, taking into account affordability and local circumstances.

1.2 Affordable Rents

These properties are initially let at 80% of open market rents (including service charges) but will be capped at Local Housing Allowance levels if it is a clause in the Development agreements. When a property is re-let, a valuation is undertaken, and the new rent is re-set at 80% of market rent (with a cap at Local Housing Allowance levels where this has previously been in place) at the point of re-letting a home.

1.3 Fair Rent Assessments

The Association still has approximately 100 Fair Rent (secure) tenancies. These are re-assessed by the Rent Officer every 2 years on the anniversary of the tenancy and are outside the general rent increase. However, any increase proposed which exceed CPI + 1% must be capped to meet the terms of the Government directive.

1.4 Service Charges

Service costs should be recovered by service charges unless this is not permitted under the tenancy (for example affordable rents). BHA will set service charges based on estimated budget costs.

As well as annually recurring costs, BHA will make provision for replacement of fixtures and fitting, furnishings and equipment.

BHA may apply a 15% admin charge to service charges.

Service charges are not subject to the same regulatory restrictions as rent. However, the Regulator requires providers to try and minimise increases for service charges, to keep them within the limit on rent changes.

Where a new or extended service is introduced resulting in an additional charge, BHA will consult with tenants. Where tenants should have been charged for a service and haven't previously been, this may be introduced as part of the annual Service Charge Notification by giving one month's notice in writing, in line with the Tenancy Agreement.

BHA is required to provide clear information to tenants on how the charges are set and will use feedback from tenants to continue to improve the transparency of information.

2. Annual rent review

Rents will be reviewed annually, using the government rent direction as a maximum increase for affordable and social rents, having regard to the affordability of rent increases in the context of local circumstances and benefits available. The current directive stipulates a maximum annual increase of CPI (as at the September before the increase) +1%. The Board will have ownership of the rent review decision, receiving a paper setting out the proposed change.

There are number of affordable homes which are not subject to being capped at Local Housing Allowance rates and therefore have a higher rent than others in the surrounding area. These properties will be reviewed at the same time as the above and a decision made on any change to their rent levels.

Re-lets – Each of the different rent types have a process as detailed above for setting the rent upon it becoming available for letting. As part of the board's decision when reviewing the rent annually, they may specify a decision relating to any properties re-let throughout the year.

3. Exemptions to Rent Standard

3.1 Temporary Housing Projects

Where BHA agrees to provide housing on a temporary basis, rent will be set on the basis that the project financially stands alone for the purpose of setting both rent and the service charges, taking into account the specific issues relating to the scheme.

3.2 Intermediate Rents

Intermediate Rents are set as 80% of open market rents and reviewed annually based on an independent revaluation. Annual rent increases on Intermediate Rented Homes should not exceed 2% above the RSH's rent formula for social and affordable rents with effect from the 2023/24 rent increase. At re-let, the rent will be reset to the full 80% of market rent, informed by the annual independent revaluation. Service charges are excluded.

3.3 Part Buy Part Rent (Shared Ownership)

The rent charged will take into account the proportion of the property sold and is fixed at 2.75% of the unsold equity at initial sale, except where the Board otherwise determines.

Future increases are fixed at RPI plus 0.5% as documented within the shared ownership lease, however the board have the discretion to apply a lower increase in exceptional circumstances, for example where there is a rent cap in place for all other homes which are subject to the rent standard due to significantly high inflation levels.

3.4 Pitch agreements

Rents for pitches on Gypsy, Roma and Traveller sites are set at social or affordable level in line with funding and the initial site appraisal.
The annual rent review will be in line with the tenancy or pitch agreement.
However, where this exceeds the RSH's rent formula for social and affordable rent increases, any increase will be capped to the same level.

DATA PROTECTION

This policy (and associated procedures) may contain the collection of sensitive personal information. A Privacy Impact Assessment (PIA) has been undertaken.